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**ARIZONA CORPORATION COMMISSION**

October 25, 2004

Chairman Marc Spitzer  
Commissioner William Mundell  
Commissioner Mike Gleason  
Commissioner Kristin Mayes

Re: Generic Investigation of Competition in Arizona's Telecom Markets  
Docket No. T-00000I-04-0749

Dear Colleagues:

I support your desire to revisit the status of competition in Arizona's telecommunications market. The telecommunication industry is in state of flux. Competition has been shaped by implosion and subsequent consolidation within the market, uneven regulation at the federal level and endless litigation by the telecom providers. Wireless communication has become affordable and ubiquitous. As a result, consumers have benefited in the form of lower prices, more technological features and greater choice.

As we have seen, technology has been and will be the driving force behind innovation and choice in the telecom industry. Traditional telephone service may become a remnant of the past. VoIP is emerging as viable alternative for many consumers. Many telecom companies, including the RBOCs, major cable operators and long distance carriers, have successfully deployed VoIP. Another budding technology, Broadband over Power Lines (BPL), offers enormous promise because the electric power grid runs throughout America. BPL would allow electric utilities, an entirely different player, to enter the telecom market.

However, many regulatory and technical hurdles remain. These include questions of participating in the universal service fund, offering 911 services, complying with CALEA requirements and providing access to people with disabilities. Undoubtedly, the FCC will assert its jurisdiction over these matters as it deems these technologies as information services transmitting data packets. That would leave state regulators out in the cold.

In this docket, we must be cognizant that the FCC sets the stage for competition. For example, the recent FCC decision on fiber-optic networks yet again changes the complexion. In newly constructed neighborhoods, the regional telephone companies would not be required to give competitors access to any part of their networks. This decision is a blow to competition, as it currently stands.

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Under the leadership of Michael Powell, the FCC has promoted policies aimed at fostering competition between the facilities-based providers such as the RBOCs and cable companies. This paradigm shift breaks with a long-standing approach that encouraged competition by allowing competitors to lease parts of the telecom networks from incumbent providers.

With the ever-changing tides in the telecom industry, regulatory uncertainty rules the day. Yet the Commission has the responsibility to maintain a competitive, level-playing field. In the long run, however, as the FCC assumes the complete regulatory authority over pricing and licensing, the Commission must retain its jurisdiction over quality of service concerns, business practices and certain carrier disputes.

I look forward to participating in this docket.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Miller", written in a cursive style.

Jeff Hatch-Miller, Commissioner  
Arizona Corporation Commission

Cc: Brian McNeil  
Chris Kempley  
Lyn Farmer  
Ernest Johnson  
Parties of Record (Section 271 of the Telecommunications Act of 1996)